

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 L-03 H-03 SS-15

NSC-10 DRC-01 /089 W

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R 271658Z SEP 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7683

INFO USMISSION BERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: ETRN, GW, WB

SUBJECT: CIVAIR -- CONSOLIDATED FREIGHT SHIPMENTS BY  
PANAM VIA BERLIN

REF: (A) STATE 189017, (B) BONN 12566

1. SUMMARY: THIS MESSAGE REPLIES TO THE DEPARTMENT'S  
QUESTIONS ON PANAM'S PROPOSAL FOR CONSOLIDATED FREIGHT  
SHIPMENTS BETWEEN THE US AND THE FRG VIA BERLIN, WITH  
ADDITIONAL DETAILS ON THE PROPOSED SERVICE. END SUMMARY

2. THE FOLLOWING INFORMATION WITH REGARD TO PANAM'S  
PROPOSAL IS KEYED TO THE QUESTIONS ASKED IN REFTEL A.

A. YES, THE RATES WHICH PANAM WOULD PROPOSE TO  
ESTABLISH ON THE NEW YORK-BERLIN/BERLIN-FRG ROUTE AND  
VICE VERSA WOULD BE LOWER THAN THE RATES ON NEW YORK-FRG  
DIRECT ROUTING. THEY WOULD NOT RPT NOT BE SINGLE RATES,  
HOWEVER, BUT WOULD CONSIST OF TWO PARTS; A SPECIAL LOW  
RATE ON A SPAV FOR SHIPMENT BETWEEN

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BERLIN AND THE FRG (AND VICE VERSA) PLUS NEGOTIATED,

ENTIRE AIRCRAFT CHARTER RATES BETWEEN NEW YORK AND BERLIN (AND VICE VERSA). PANAM ESTIMATES THAT THE COMBINATION OF THESE TWO RATES WOULD RESULT IN A SOMEWHAT LOWER LEVEL THAN EXISTING NEW YORK-FRG RATES. THERE IS ONLY A LIMITED AMOUNT OF AIR FREIGHT PRESENTLY MOVING BETWEEN BERLIN AND THE FRG, AND PANAM BELIEVES IT HAS AMPLE SPACE IN THE CARGO HOLDS OF ITS 727'S TO ACCOMMODATE MOST SHIPMENTS.

B. THE ABOVE PARAGRAPH REPLIES TO THIS QUESTION.

C. PANAM'S PROPOSAL IS NOT FOR IMMEDIATE APPLICATION. IT LOOKS FORWARD TO A SITUATION AFTER OCTOBER 1 IN WHICH (FIRST CONDITION) IATA RESOLUTION 045(A) WILL EITHER BE SUSPENDED BY THE EXISTENCE OF AN OPEN RATE CARGO SITUATION, OR BY POSSIBLE ACTION OF THE US CAB, AND (SECOND CONDITION) THE FRG MINISTRY OF TRANSPORT WILL CONTINUE TO MAINTAIN THE PROVISIONS OF IATA 045 (A) ON ITS OWN AUTHORITY FOR CARGO SHIPMENTS OUT OF THE FRG. PANAM'S STATED INTENTION IS THAT THEIR PROPOSAL WOULD CONFORM TO US RPT US REGULATIONS IF AND WHEN THE SERVICES STARTED. IT IS ALSO PANAM'S CLEAR INTENTION, HOWEVER, AS THE EMBASSY INDICATED IN REFTELB, TO CIRCUMVENT FRG REGULATIONS ON FRG/US CARGO SHIPMENTS WITH RESPECT TO CONTINUED UNILATERAL APPLICATION BY THE FMT OF THE PROVISIONS OF 045(A) UNDER THE CIRCUMSTANCES DESCRIBED ABOVE.

D. EMBASSY MUST DISCLAIM EXPERTISE IN DEPTH ON CARGO RATES AND ROUTING POLICY, BUT AS WE SEE IT PANAM'S OBJECTIVE IS TRUE CONSOLIDATION TAKING PLACE IN BERLIN RATHER THAN IN THE FRG. IT IS ALSO A TRIANGULAR ROUTING TO EXPLOIT THE FRG FREIGHT MARKET, BUT WE HAVE NO GROUNDS HERE TO BELIEVE THAT PANAM IS MAKING A DELIBERATE MOVE TO AVOID CAB JURISDICTION. RATHER, WE BELIEVE, THEY WISH TO AVOID A POSSIBLE FRG RESTRICTION.

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3. EMBASSY AGAIN WISHES TO DRAW ATTENTION TO THE COMPETITIVE ADVANTAGE WHICH PANAM'S PROPOSAL, IF APPROVED, WOULD GIVE PANAM OVER TWA AND SEABOARD (PARA 3, REFTEL B) BECAUSE OF PANAM'S SPECIAL POSITION IN BERLIN.

4. IN CONVERSATIONS SINCE REFTEL B WAS WRITTEN, PANAM HAS TOLD US THAT IT ALSO HAS IN MIND A ONCE WEEKLY CARGO SERVICE FROM THE US VIA BERLIN TO HONG KONG, PICKING UP FRG-ORIGIN CARGO AT BERLIN FOR THE FAR EAST.

5. COMMENT: IT HAS BEEN THE VIEW FOR MANY YEARS OF THE ALLIED CIVIL AIR ATTACHES AND THE EMBASSIES THAT ALLIED RESERVED RIGHTS ON CIVIL AVIATION SHOULD NOT BE USED TO PERMIT ALLIED CARRIERS TO AVOID FRG LAWS AND REGULATIONS WITH RESPECT TO CARRIAGE OF PASSENGERS OR GOODS BETWEEN THE FRG AND THE US, UK OR FRANCE UNLESS LIMITED OFFICIAL USE

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FRG CONSENT IS OBTAINED. WE ARE DOUBTFUL THAT THE FMT WOULD AGREE TO PANAM'S PROPOSAL. NEVERTHELESS, PER REFTEL B, WE ARE PREPARED TO DISCUSS IT INFORMALLY WITH

THE FMT SINCE THE FMT HAS MADE CERTAIN EXCEPTIONS IN THE PAST IN FAVOR OF THE ALLIED CARRIERS ON THE FRG/BERLIN SERVICES WHEN THE RESULT WOULD BE AN EXPANSION OF AIR TRANSPORT ACTIVITIES IN BERLIN. PANAM IS PRESENTLY IN THE DOGHOUSE WITH THE FMT OVER SOME CHARTER MATTERS AND FOR THIS REASON ASKED THE CAA TO SOUND OUT THE FMT RATHER THAN DO IT THEMSELVES. CASH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 SEP 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** worrelsw  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973BONN14019  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** BONN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t1973097/aaaaaezi.tel  
**Line Count:** 169  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** (A) STATE 189017, (B) BONN 12566  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** worrelsw  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01-Aug-2001 by reddocgw>; APPROVED <15-Aug-2001 by worrelsw>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR -- CONSOLIDATED FREIGHT SHIPMENTS BY PANAM VIA BERLIN  
**TAGS:** ETRN, GE, WB  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005